



**THE FOUNDATION
FOR SECURE
MARKETS**

#48095

TO: ALL CLEARING MEMBERS

DATE: DECEMBER 31, 2020

SUBJECT: CLEARING MEMBER NOTIFICATION REQUIREMENTS

As outlined in OCC's Rules, clearing members have an on-going obligation to provide certain routine and event-specific notices regarding their financial condition or business operations. Chapter III of OCC's Rules sets forth standard financial reporting and early warning notice obligations and is designed to allow OCC to continually assess its clearing members' compliance with applicable financial requirements. Rule 215 outlines notification requirements concerning material business and planned operational changes and summarizes OCC's Minor Rule Violation policy. Rule 217 outlines the requirements concerning Statutory Disqualification. A general overview of these notice requirements follows:

OCC Rules 303, 309 and 309A require that clearing members provide immediate verbal and prompt written notice to OCC of any financial difficulty or failure to be in compliance with the minimum financial and early warning requirements of OCC or any other regulatory organization, as well as any material decline in regulatory capital levels that would prompt any form of notification to another agency under Securities Exchange Act Rule 15c3-1(e)(1)(iv). Additional circumstances requiring clearing member notification are more fully described in the Rule.

OCC Rules 306, 308 and 310 require clearing members to file copies of monthly financial reports and annual audited financial statements. For annual reporting, U.S. broker-dealer and Canadian clearing members are required to file a copy of their annual audited financial statements (including an accountant's supplemental report on material inadequacies) within sixty (60) calendar days after the date of the clearing member's fiscal year-end. This time period for filing annual audited financial statements is extended to ninety (90) calendar days after the date of a futures commission merchant's fiscal year-end. OCC prefers electronic copies of annual audited financial statements be sent via email to Creditriskanalysts@theocc.com. Any clearing member submitting annual audited financial statements via Winjammer do not need to send a second copy via email or postal delivery any longer. Clearing members that file monthly financial reports electronically with OCC through eFOCUS or Winjammer do not need to submit a second copy via email or postal delivery any longer.

OCC Rule 215 requires prompt prior written notification of material changes in a clearing member's business including, but not limited to, the merger or consolidation of a clearing member and another entity, a change in a clearing member's name or form of business organization and a change in ownership of 10% or more of the equity of a clearing member.

OCC Rule 217 requires prompt notification from clearing members if it or an associated person becomes subject to a statutory disqualification. Additional information is fully described in the Rule. Additional notification requirements discussed in the aforementioned rules can be reviewed via the following link, http://www.theocc.com/components/docs/legal/rules_and_bylaws/occ_rules.pdf

Failure to comply with any notification or reporting requirements may result in the assessment of fines and/or disciplinary proceedings. If you have any questions regarding this memo, please contact your Credit Risk Management or Member Services representative.